

Accounts Fundamental MCQ Question Answer

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Question: 1. Mr.Customer purchased goods from Mr.Seller on credit. This is a/an

- Option A. Event
- Option B. Transaction
- Option C. Both (a) and (b)
- Option D. None of the above

Question: 2. The first step of accountancy is

- Option A. Journal Entry
- Option B. Ledger Posting
- Option C. Balancing of Accounts
- Option D. Trial Balance

Question: 3. Cash is an example of

- Option A. Personal Account
- Option B. Real Account
- Option C. Nominal Account
- Option D. Both (a) and (b)

Question: 4. Net Realisable Value of an asset means

- Option A. The historical cost of the asset
- Option B. Its sale value as on a particular date
- Option C. Its written down value as on a particular date
- Option D. None of the above

Question: 5. Transfer to General Reserve is a charge against

- Option A. Trading Account
- Option B. Profit and Loss Account
- Option C. Profit and Loss Appropriation Account
- Option D. Balance Sheet

Question: 6. All indirect expenses are charged against

- Option A. Trading Account
- Option B. Profit and Loss Account
- Option C. Manufacturing Account
- Option D. None of the above

Question: 7. The aggregate of direct material, direct labour and direct expenses is known as

- Option A. Product Cost

- Option B. Manufacturing Cost
- Option C. Prime Cost
- Option D. Production Cost

Question: 8. A part of the profit distributed to the shareholders is known as

- Option A. Reserve & Surplus
- Option B. Retained Earnings
- Option C. Dividend
- Option D. Net Profit

Question: 9. The cost of a machine is Rs.5,70,000. Its scrap value is Rs.25,000 and useful life is 10 years. The depreciation amount under Straight Line Method is

- Option A. Rs.57,000
- Option B. Rs.59,500
- Option C. Rs.54,500
- Option D. Rs.50,000

Question: 10. The account which can never have a credit balance is

- Option A. Bank
- Option B. Cash
- Option C. Debtor
- Option D. Creditor

Question: 11. The short description of a transaction written at the end of a journal entry is known as _____.

- Option A. Summary
- Option B. Narration
- Option C. Memo
- Option D. Info

Question: 12. The basic unit of measurement of the accounting system is _____.

- Option A. Money
- Option B. Finance
- Option C. Weight
- Option D. None of the above

Question: 13. Business ventures, which are started for a predefined period, are known as _____ventures

- Option A. Joint
- Option B. Terminal
- Option C. Terminable
- Option D. Limited Period

Question: 14. Depreciation is not charged on _____.

- Option A. New assets
- Option B. Land
- Option C. Building
- Option D. None of the above

Question: 15. Cash payments are recorded on the _____ of the Cash Book.

- Option A. Debit side
- Option B. Credit side
- Option C. Both sides
- Option D. Any one side

Question: 16. All events are transactions but all transactions are not events.

- Option A. True
- Option B. False

Question: 17. In Double Entry System of Book Keeping, the total of Debit balances may not be equal to the total of Credit balances, in certain situations, even if transactions are recorded correctly.

- Option A. True
- Option B. False

Question: 18. Capital of the business is an example of external liability.

- Option A. True
- Option B. False

Question: 19. If the totals of debit and credit columns of a Trial Balance are equal, it implies correctness of books of accounts.

- Option A. True
- Option B. False

Question: 20. The accounts of a company may be maintained using Single Entry System of Book Keeping also.

- Option A. True
- Option B. False

Question: 21. Arrange the steps of accounting in sequential order -

- (i) Trial Balance;
 - (ii) Journal Entry;
 - (iii) Balancing of Accounts;
 - (iv) Ledger Posting.
- Option A. (i),(ii),(iii),(iv)

Option B. (ii),(iii),(iv),(i)

Option C. (ii),(iv),(i),(iii)

Option D. (ii),(iv),(iii),(i)

Question: 22. Which of the following events is not a transaction?

Option A. Mr. Employer paid salary of Rs.9,000 to Mr. Employee.

Option B. Rahul sold his bicycle to Rohan for Rs.600.

Option C. Abhijeet gifted a book, priced at Rs.800, to Amit.

Option D. None of the above.

Question: 23. Choose the odd one out

Option A. Wages

Option B. Stationery

Option C. Sales

Option D. Furniture

Question: 24. Copyright is an example of

Option A. Real Account

Option B. Asset

Option C. Intangible Asset

Option D. All of the above

Question: 25. Which of the following equation(s) is(are) true

Option A. $\text{Assets} = \text{Liabilities} + \text{Capital}$

Option B. $\text{Assets} - \text{Capital} = \text{Liabilities}$

Option C. Both (a) and (b)

Option D. None of the above

Question: 26. According to the Concept of Conservatism, an accountant should

Option A. Recognize all losses and anticipate no gains

Option B. Recognize all gains and anticipate no losses

Option C. Recognize and anticipate both gains and losses

Option D. Both (b) and (c)

Question: 27. Wages and Salaries is a charge against

Option A. Trading Account

Option B. Profit and Loss Account

Option C. Profit and Loss Appropriation Account

Option D. Balance Sheet

Question: 28. All credit sales are recorded in

Option A. Sales Day Book

- Option B. Sales Credit Book
- Option C. Sales Day Account
- Option D. Sales Day Register

Question: 29. The cost of a machine is Rs.6,00,000. The rate of depreciation is 10%. The depreciation for the 3rd year, on diminishing balance method, is

- Option A. Rs.60,000
- Option B. Rs.54,000
- Option C. Rs.48,600
- Option D. Rs.43,740

Question: 30. The life span of a company is dependent on the life span of the

- Option A. Owner(s) of the company
- Option B. Promoter of the company
- Option C. Managing Director of the company
- Option D. None of the above

Answer Sheet

1	C	
2	A	
3	B	
4	B	
5	C	
6	B	
7	C	
8	C	
9	C	
10	B	
11	B	
12	A	
13	C	
14	B	
15	B	
16	B	
17	B	
18	B	
19	B	
20	B	
21	D	
22	C	
23	D	
24	D	
25	C	
26	A	
27	A	
28	A	
29	C	
30	D	